

An Educated Workforce

WP 8/14/95 12:00 AM

By Lars-Erik Nelson Newsday Inc.

Larry Richards, a contract software programmer in Austin, Tex., has all the advanced skills a fellow needs to compete in this high-tech world. Still, he has been watching his hourly freelance rate drop from \$45 an hour to \$30.

Richards knew that IBM, his main client, has been subcontracting to a firm that imports low-paid programmers from India on temporary work permits.

So he decided to find out what he was up against. Posing as a businessman, he wrote to the Labor Department requesting permission to import 20 computer programmers from India with a proposed pay rate of \$5 an hour.

"The Labor Department approved my plan in six days," Richards said.

Deep thinkers from Labor Secretary Robert Reich to House Speaker Newt Gingrich keep telling us that in a global economy, education is the key to the high-wage jobs of the future.

It's a wonderful theory, but in the real world, the Indians, the Chinese, the Poles, the South Koreans and the Russians have excellent educations and are more than willing to come to America, live in dormitories and work for whatever they can get. This is still the land of opportunity.

How much do they earn? Nobody is quite sure. But a frightened friend tells me that one telecommunications company vice president recently threatened his employees that if they didn't shape up, he could bring in programmers from India for \$8,000 a year.

In theory, such guest workers are supposed to be scientists of extraordinary skills who are urgently needed by U.S. employers because no Americans are capable of performing their work. In theory, too, the guest workers are supposed to be paid the prevailing U.S. wage so that they do not undercut the wage scales of American workers.

In reality, Richards's plight is not an isolated case. CBS News reported a couple of months ago about American International Group, a Livingston, N.J., insurance company that laid off 250 workers and replaced them with "temps" from India. In California, Hewlett-Packard has been sued for employing a contractor, Tata Consultancy Services, that has been accused in court of importing Indian programmers and treating them like indentured servants.

And even the White House has turned to cheap foreign labor. The Kansas City Star reported last week that the U.S. government has been using Mastech Corp., which has brought in 850 of its 1,200 computer specialists as guest workers, to upgrade the correspondence tracking system. Mastech, which is owned by two immigrants from India, qualifies for government preference as an economically disadvantaged minority contractor.

...with free trade firmly ensconced as our political religion, the prevailing wage is increasingly going to be the global wage -- the wage of India, China or Vietnam -- no matter how much education you get...

These low-wage technicians are being imported, mind you, at the same time that a downsized U.S. defense budget is throwing hundreds of thousands of highly skilled American workers onto the job market.

How does this abuse occur? Richards does not blame Labor Secretary Robert Reich. The law requires Reich to grant approvals for guest workers within seven days. Employers looking for cheap labor don't like to wait.

Under the law, nearly 200,000 foreign workers can be brought into the U.S. each year. The first preference is for extraordinary talent in science, the arts or education. Then come executives of multinational corporations, skilled workers, athletic stars, workers in short supply (pizza bakers, believe it or not), religious workers and foreigners who propose to invest here.

To obtain a permanent work permit, the employer must pay the prevailing wage and prove that no qualified Americans are available. To get temporary permits, the employers need not look for qualified Americans first.

The requirement that guest workers be paid "the prevailing wage" has a glaring loophole. The prevailing wage is not what American programmers actually earn; it is what the subcontractor, like Tata Consultancy Services, pays the rest of its foreign workers. IBM can rightly say, as it has, that it does not know what Tata pays; it simply gives Tata the contract and the job gets done.

Under a revised immigration law wending its way through Congress, some of these abuses might be cut back. One proposal would require that a company bringing in foreign workers would not be allowed to lay off an American employee between six months before and three months after the foreigner is hired.

Another proposal would redefine "prevailing wage" to bring the subcontractor wages up to industrial standards. Also, an employer who did lay off Americans to make way for foreign replacements would have to pay the foreigner 110 percent of the laid-off worker's salary.

But the reality is that in a global economy and with free trade firmly ensconced as our political religion, the prevailing wage is increasingly going to be the global wage – the wage of India, China or Vietnam – no matter how much education you get.

Copyright 1995 The Washington Post